

1 **FEDERAL ELECTION COMMISSION**

2 **FIRST GENERAL COUNSEL'S REPORT**

3 **MUR:** 7461

4 **DATE COMPLAINT FILED:** Aug. 6, 2018

5 **DATE OF NOTIFICATION:** Aug. 9, 2018

6 **LAST RESPONSE RECEIVED:** Oct. 1, 2018

7 **DATE ACTIVATED:** Jan. 24, 2019

8  
9 **EXPIRATION OF SOL:** Sept. 28, 2020 (earliest)

10 Nov. 7, 2021 (latest)

11 **ELECTION CYCLE:** 2018

12  
13 **COMPLAINANT:**

Linda DeLozier Ivell

14 **RESPONDENTS:**

15 Julio Gonzalez for Congress

16 and Eric Robinson in his official capacity as

17 treasurer

18 Julio Gonzalez

19 Winston Arabitg

20 **RELEVANT STATUTES  
21 AND REGULATIONS:**

22 52 U.S.C. § 30101(8)(A)(i), (B)(vii)

23 52 U.S.C. § 30101(26)

24 52 U.S.C. § 30116(a)(1)(A)

25 52 U.S.C. § 30116(f)

26 11 C.F.R. § 100.33

27 11 C.F.R. § 100.52(b)

28 11 C.F.R. § 110.10

29 **INTERNAL REPORTS CHECKED:**

Federal Disclosure Reports

30 **FEDERAL AGENCIES CHECKED:**

None

31 **I. INTRODUCTION**

32 The Complaint alleges that Winston Arabitg made an excessive contribution to his  
33 son-in-law, Julio Gonzalez, a candidate for the 2018 Republican primary election in Florida's  
34 17th Congressional District, in connection with a \$317,000 loan from Arabitg to Gonzalez, in  
35 violation of the Federal Election Campaign Act of 1971, as amended (the "Act"). The

1 Complaint alleges that the loan, disclosed in Gonzalez's personal financial disclosure  
2 statements filed with the Florida Commission on Ethics, was the source of funds for \$150,000  
3 in loans Gonzalez made to his campaign in 2018, as it did not appear that Gonzalez otherwise  
4 had sufficient income or assets to loan such an amount to his campaign.<sup>1</sup>

5 In a joint Response filed by Gonzalez and his authorized Committee, and a separate  
6 Response filed by Arabitg, Respondents deny that Arabitg made any loans directly to  
7 Gonzalez and deny that any funds were exchanged between them.<sup>2</sup> Respondents state that the  
8 \$317,000 debt stems from two promissory notes Gonzalez and his wife, who is also Arabitg's  
9 daughter, executed in favor of Arabitg in 2015 and 2016 in connection with Arabitg  
10 refinancing a 2012 business loan owed to a bank by a corporation Gonzalez and his wife  
11 owned. Gonzalez and the Committee assert that the \$150,000 in loans he made to his  
12 committee came from his personal funds.

13 The available information indicates that Arabitg did not provide the funds Gonzalez used  
14 to loan to his Committee. Further, it is possible, although not certain, that Gonzalez had  
15 sufficient liquid assets to make the 2018 loans to his committee, and an investigation does not  
16 appear to be an efficient use of the Commission's resources. Accordingly, we recommend that  
17 the Commission dismiss the allegations that Gonzalez and his Committee violated 52 U.S.C.  
18 § 30116(f) and that Arabitg violated 52 U.S.C. § 30116(a)(1)(A), and close the file.

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<sup>1</sup> Compl. at 1-2 (Aug. 7, 2018).

<sup>2</sup> Gonzalez Joint Resp. at 1 (Sept. 28, 2018); Arabitg Resp. at 1 (Aug. 27, 2018).

1 **II. FACTUAL AND LEGAL ANALYSIS**

2 **A. Factual Background**

3 Gonzalez was a candidate in the August 28, 2018, Republican primary election for  
4 Florida's 17th Congressional District, which he lost. Julio Gonzalez for Congress and Eric  
5 Robinson in his official capacity as treasurer (the "Committee") is the principal campaign  
6 committee for Gonzalez's federal campaign. From 2014 through 2018, Gonzalez served in  
7 Florida's House of Representatives. Since 2007, Gonzalez and his wife, Gina Arabitg, have  
8 owned Aragon PLLC, which operates a medical center.<sup>3</sup> Winston Arabitg is Gonzalez's father-  
9 in-law and Gina's father.<sup>4</sup>

10 The loan documents Arabitg provided in response to the Complaint indicate that in 2012,  
11 he guaranteed a bank loan to Aragon PLLC by pledging as security a \$200,000 certificate of  
12 deposit and two real properties.<sup>5</sup> Arabitg asserts that in September 2015, he was ready to retire  
13 and needed access to the pledged assets.<sup>6</sup> Arabitg paid off the balance of the business loan in two  
14 separate transactions. First, on September 28, 2015, Arabitg paid \$145,463.46 to Stonegate Bank  
15 to release the lien on his certificate of deposit.<sup>7</sup> On the same date, Gonzalez and his wife signed  
16 a promissory note to Arabitg in the amount of \$145,473 payable at 2% interest per year for a term

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<sup>3</sup> See Dunn & Bradstreet Rpt., Aragon PLLC (Mar. 27, 2019).

<sup>4</sup> Gonzalez Joint Resp. at 1; Arabitg Resp. at 1.

<sup>5</sup> Arabitg Resp. Attach. 1 (Real Property Mortgage and Security Agreement between Winston and Marlene Arabitg, Mortgagors, and Florida Shores Bank Southwest, Mortgagee, Aug. 1, 2012); Attach. 2 (Certificate of Deposit Receipt and Assignment, Aug. 1, 2012); Attach. 5 (Letter from Monica Cao for Alise Doudakian, Loan Servicing Administrator, to Aragon PLLC, Nov. 1, 2016).

<sup>6</sup> Arabitg Resp. at 1.

<sup>7</sup> Arabitg Resp. at 1, Attach. 3.

1 of ten years at \$1,300 a month.<sup>8</sup> Second, on November 7, 2016, Arabitg paid \$314,346.08 to  
2 Stonegate Bank to pay off the balance of the Aragon PLLC loan and satisfy the mortgage lien on  
3 Arabitg's real property.<sup>9</sup> On the same date, Gonzalez and his wife executed a second promissory  
4 note to Arabitg in the amount of \$314,346 payable at 2% interest per year for a term of 10 years  
5 at \$2,892.41 a month.<sup>10</sup>

6 Gonzalez and the Committee deny accepting any contribution as a result of these  
7 transactions, and assert that the \$150,000 in loans he made to his committee came from his  
8 personal funds.<sup>11</sup> The Committee's relevant disclosure report shows that on March 30, 2018,  
9 Gonzalez made two loans to his Committee in the amounts of \$110,000 and \$40,000.<sup>12</sup>

10 On July 21, 2017, and July 19, 2018, Gonzalez filed two financial disclosure statements  
11 with the Florida Commission on Ethics in connection with his position as a state representative.<sup>13</sup>  
12 His income, assets, and liabilities for 2016 and 2017 as disclosed in those statements are  
13 summarized in the table below.

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<sup>8</sup> Arabitg Resp. at 1, Attach. 4.

<sup>9</sup> Arabitg Resp. at 1, Attach. 5, 6.

<sup>10</sup> Arabitg Resp. at 1, Attach. 7.

<sup>11</sup> Gonzalez Joint Resp. at 1-2.

<sup>12</sup> Schedule C, Amended 2018 April Quarterly Rpt. at 40, 41 (May 23, 2018). The outstanding balance on the loan is \$27,500. See 2019 April Quarterly Rpt. at 6 (Apr. 2, 2019).

<sup>13</sup> Compl. at 1, Attach. 1, Florida Commission on Ethics *Form 6, Full and Public Disclosure of Financial Interests 2017* ("Form 6, 2017"); Attach. 2, Florida Commission on Ethics *Form 6, Full and Public Disclosure of Financial Interests 2016* ("Form 6, 2016").

State Personal Financial Disclosure Information		
Year	2017	2016
<b>Earned Income</b>		
Salary		
Medical Practice	\$52,000	\$78,151
State Legislature	\$27,537	\$27,537
<b>Rental Property Income</b>		\$14,400
<b>Assets</b>		
Personal Residence	\$880,000	\$880,000
Rental Property		\$439,000
Aragon PLLC (value includes Commercial property of \$670,000)	\$700,000	\$700,000
Medical Practice	\$600,000	\$600,000
Checking Account	\$5,451	\$5,000
Retirement Account	\$10,962	
<b>Liabilities</b>		
Mortgage on Personal Residence	\$638,000	\$697,000
Mortgage on Rental Property		\$303,726
Stongegate Loan to Aragon PLLC		\$353,680
Regions Bank Mortgage on Medical Practice	\$607,788	\$634,807
Regions Bank Commercial Line of Credit	\$135,000	\$147,765
Regions Bank Personal Loan	\$ 73,211	\$99,067
Arabitg Promissory Note	\$317,032	

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In connection with his campaign for Congress, on May 18, 2018, Gonzalez filed a financial disclosure statement with the U.S. House of Representatives, which does not disclose the promissory note to Arabitg.<sup>14</sup> His financial information disclosed in the federal statement is summarized in the table below.

<sup>14</sup> Compl. at 1, Attach. 3, U.S. House of Representatives, *Form B, Financial Disclosure Statement 2018* ("Form B, 2018").

Federal Personal Financial Disclosure Information	
Year	2018
<b>Earned Income</b>	
Salary (as of 5/18/18)	
Medical Practice	\$24,000
State Legislature	\$12,709
<i>Rental Income</i> <sup>15</sup>	
<b>Assets</b>	
<i>Personal Residence</i>	
<i>Rental Property</i>	
Aragon PLLC (value includes Commercial property of \$670,000)	\$500,001-\$1,000,000 range
Medical Practice	\$500,001-\$1,000,000 range
<i>Checking Account</i>	
<i>Retirement Account</i>	
Aragon Publishers	\$1,001-\$15,000 range
Publius Communications	\$1-\$1,000 range
<b>Liabilities</b>	
<i>Mortgage on Personal Residence</i>	
Mortgage on Rental Property	\$500,001-\$1,000,000 range
<i>Stongegate Loan to Aragon PLLC</i>	
Regions Bank Mortgage on Medical Practice	\$500,001-\$1,000,000 range
Regions Bank Medical Practice Line of Credit	\$100,001-\$250,000 range
Regions Bank Personal Loan	\$15,001-\$50,000 range
Regions Bank Commercial Loan on Aragon	\$50,001-\$100,000 range
Regions Bank Commercial Loan	\$50,001-\$100,000 range
Suntrust Bank Medical Practice Line of Credit	\$15,001-\$50,000 range
<i>Arabitg Promissory Note</i>	
USAA Credit Card	\$15,0001-\$50,000 range
Discover Credit Card	\$15,001-\$50,000 range

1  
 2 Gonzalez's 2018 federal financial disclosure statement indicates that in 2017, he sold his  
 3 rental property and used the proceeds to pay off the rental property mortgage.<sup>16</sup> While the 2018  
 4 federal form does not list a value of the rental property, his 2016 state disclosure form indicates

<sup>15</sup> Assets and liabilities italicized were not disclosed in the Form B 2018; they are shown for comparison with the Form 6, 2016 and 2017.

<sup>16</sup> Compl. Attach. 3, Form B, 2018.

1 that its value was \$439,000, and the rental property mortgage at that time was \$303,726.<sup>17</sup>

2 The 2018 federal form also specified that the origination date of the non-joint Regions Bank  
3 commercial loan was in February 2018, the Regions Bank personal loan was jointly held, and its  
4 origination date was in March 2018.<sup>18</sup>

5 **B. Legal Analysis**

6 A contribution is any gift, subscription, loan, advance, or deposit of money or anything of  
7 value made by any person for the purpose of influencing any election for Federal office.<sup>19</sup> The  
8 Act and Commission regulations further provide that no person may make, and no candidate or  
9 candidate's authorized political committee shall knowingly accept, any contribution that violates  
10 the contribution limits set forth in section 30116.<sup>20</sup> Commission regulations provide that  
11 "candidates for federal office may make unlimited expenditures from personal funds," which  
12 include contributions to their principal campaign committees.<sup>21</sup>

<sup>17</sup> Compl. Attach. 2 and 3, Form 6, 2016 and Form B, 2018.

<sup>18</sup> Compl. Attach. 3, Form B, 2018 at 8 (Gonzalez did not disclose the promissory note, his residence or the mortgage on his home in his 2018 House Disclosure Report filed in May 2018, although he did disclose this asset and liabilities in his Form 6, 2017, filed with the Florida Commission on Ethics in July 2018).

<sup>19</sup> 52 U.S.C. § 30101(8)(A)(i); 11 C.F.R. § 100.52(a).

<sup>20</sup> During the 2017-2018 election cycle, the individual contribution limit was \$2,700 per election. See 52 U.S.C. § 30116(a)(1)(A); 11 C.F.R. § 110.1(b)(1).

<sup>21</sup> 11 C.F.R. §§ 110.10, 100.33. See also Advisory Op. 1991-09 (Hoagland) (Jan. 15, 1991) (affirming that Commission regulations permit a candidate to make unlimited expenditures, including personal loans, from his personal funds); Advisory Op. 1985-33 (Collins) (Nov. 22, 1985) (same). "Personal funds" include all assets in which a candidate has legal title or an equitable interest, as well as salary and other earned income from *bona fide* employment; dividends and proceeds from the sale of the candidate's stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; and proceeds from lotteries and similar legal games of chance. 52 U.S.C. § 30101(26); 11 C.F.R. § 100.33.

1 Under the Act, a "loan" includes a guarantee, endorsement, and any other form of  
2 security.<sup>22</sup> Each endorser or guarantor shall be deemed to have contributed that portion of the  
3 total amount of the loan for which he or she agreed to be liable in a written agreement.<sup>23</sup> A loan  
4 that exceeds the contribution limits, or otherwise violates 52 U.S.C. §§ 30116 or 30118, is  
5 unlawful, whether or not it is repaid. A loan to a political committee or a candidate by a  
6 commercial bank is exempt from the definition of contribution, if such loan is made in  
7 accordance with applicable law and in the ordinary course of business.<sup>24</sup>

8 On February 27, 2018, Gonzalez filed his Statement of Candidacy with the Commission,  
9 and designated the Committee as his principal campaign committee.<sup>25</sup> On March 29, 2018,  
10 Arabitg made a \$2,700 contribution to the Committee.<sup>26</sup> Thus, because Gonzalez participated in  
11 only one election, any amount greater than \$2,700 Arabitg contributed to the Committee would  
12 constitute an excessive contribution.<sup>27</sup> On March 30, 2018, Gonzalez loaned \$150,000 to his  
13 Committee. If the funds for Gonzalez's loans to his Committee were not his personal funds, but

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<sup>22</sup> 11 C.F.R. § 100.52(b); *see also* 52 U.S.C. § 30101(8)(B)(vii).

<sup>23</sup> 11 C.F.R. §§ 100.52(b)(3), 100.82(c).

<sup>24</sup> 11 C.F.R. § 100.82(a). A loan will be deemed to be made in the ordinary course of business if it:  
“(1) [b]ears the usual and customary interest rate of the lending institution for the category of loan involved; (2) [i]s  
made on a basis that assures repayment; (3) [i]s evidenced by a written instrument; and (4) [i]s subject to a due date  
or amortization schedule.” A loan is considered “made on a basis that assures repayment” if it is obtained using a  
perfected security interest in collateral owned by the candidate, the fair market value of the collateral is equal to or  
greater than the loan amount, and the candidate provides documentation to show that the lending institution has a  
perfected security interest in the collateral. Sources of collateral include goods, accounts receivable, and cash on  
deposit. 52 U.S.C. § 30101(8)(B)(vii); 11 C.F.R. § 100.52(b).

<sup>25</sup> Statement of Candidacy (Feb. 26, 2018); Statement of Organization (Feb. 26, 2018).

<sup>26</sup> Amended 2018 April Quarterly Rpt. at 6 (May 23, 2018).

<sup>27</sup> *See* 52 U.S.C. § 30116(a)(1)(A).

1 rather Arabitg's funds, then Arabitg may have made an excessive contribution for which  
2 Gonzalez and the Committee may be liable for knowingly accepting.

3       Based on the available record, it does not appear that the 2012 loan and guarantee  
4 involving Aragon PLLC and Arabitg, and the 2015 and 2016 promissory notes between Arabitg  
5 and Gonzalez and his wife, constituted excessive contributions to Gonzalez or his Committee.  
6 The original loan was made nearly six years before Gonzalez announced his 2018 candidacy, and  
7 the refinancing occurred about two and three years before that announcement. The timing of  
8 these transactions suggests that they were not made to influence Gonzalez's federal candidacy.  
9 Further, Arabitg asserts he sought the refinancing to fund his retirement, a reason unconnected  
10 with influencing a federal election, and we have no information suggesting that reason was  
11 pretextual. Lastly, the responses sufficiently document that Gonzalez did not receive funds from  
12 Arabitg that were used in connection with his candidacy. Rather, Gonzalez and his wife signed  
13 promissory notes in favor of Arabitg so that Arabitg could pay off a commercial mortgage  
14 Aragon PLLC owed, and they executed the notes years before, and irrespective of, Gonzalez's  
15 2018 federal candidacy.<sup>28</sup>

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<sup>28</sup> See 11 C.F.R. § 113.1(g)(6) (payment by a third party for the personal expenses of a candidate is not a contribution to that candidate if payment would have been made irrespective of the candidacy). See also MUR 5141 (Moran for Congress) (finding no reason to believe a personal loan made directly to a candidate, and not made for use in connection with the candidate's campaign, resulted in a contribution, when one year prior to the election a long term friend provided the candidate with a check to help pay for the candidate's legal services in a domestic relations matter, the candidate signed a promissory note to pay back the loan, and the information showed that the check was endorsed directly to the law firm in the candidate's personal matter, the committee received no candidate funds, and the committee was well funded); MUR 6104 (Montagano for Congress) (dismissing allegations as to the receipt and reporting of an excessive contribution, where father's assistance to candidate with his personal financial dealings during his candidacy was in the form of intangible support as surety rather than as making payments for or to candidate); MUR 7025 (Friends of Mike Lee) (finding no reason to believe that a short sale of a home, and resulting waiver of the balance of a mortgage, constituted a contribution because the personal transaction had no nexus with the campaign).

1           Although Arabitg has credibly explained and documented that his loan to Gonzalez was  
2 not the source of Gonzalez's \$150,000 in loans to his Committee, Gonzalez's Response does not  
3 explain or document his assertion that he had sufficient personal funds to make the loan to his  
4 campaign. His financial disclosure report indicates his 2017 annual income was \$79,357, which  
5 by itself was insufficient to make the \$150,000 loans to his Committee, but he may have had  
6 sufficient personal funds from which he may have been able to fund those loans. First, it appears  
7 that there was about \$135,000 in proceeds from the 2017 sale of a rental property.<sup>29</sup> Gonzalez  
8 disclosed his interest as a part owner, so it appears that only a portion of the sale proceeds were  
9 available to him to loan to his Committee.<sup>30</sup> Further, it appears that at about the same time  
10 Gonzalez made the loan to the Committee, he obtained a commercial loan from Regions Bank  
11 (February 2018) in the amount of \$135,777, and in March 2018, he obtained a joint personal loan  
12 from Regions Bank in the amount of \$73,211.<sup>31</sup> Although we cannot say conclusively from the  
13 current record, if the loan and sales proceeds are added together, it appears that Gonzalez had  
14 sufficient funds to loan his Committee \$150,000.

<sup>29</sup> See Compl. Attach. 2 and 3; Form 6, 2016 at Addendum; Form B, 2018 at 7, 8.

<sup>30</sup> See 52 U.S.C. § 30101(26)(C); 11 C.F.R. § 100.33(c) (When a candidate uses "personal funds" derived from jointly owned assets, the amount is limited to the "candidate's share of the asset under the instrument of conveyance or ownership;" if the instrument is silent, the Commission will presume that the candidate holds a one-half ownership interest). Compare MUR 6412 (Blumenthal for Senate) (finding no reason to believe candidate's wife made an excessive contribution to the candidate, where information showed that the source of funds for \$2.5 million in candidate loans to his committee came from candidate's personal funds, including assets and the proceeds of the sale of his half interest in his pre-candidacy residence with his spouse) with MUR 6860 (Terry Lynn Land for Senate) (finding reason to believe an excessive contribution occurred from the spouse to the candidate where candidate did not have sufficient personal funds to make \$2.9 million in contributions to her committee, and the information showed that the candidate's spouse provided the funds directly to the candidate's account on the day the contributions were made).

<sup>31</sup> See Compl. Attach. 1, Form 6, 2017 at Addendum; Compl. Attach. 3, Form B, 2018 at 8.



1 **FEDERAL ELECTION COMMISSION**

2  
3 **FACTUAL AND LEGAL ANALYSIS**

4  
5 **RESPONDENTS:** Julio Gonzalez for Congress and Eric Robinson  
6 in his official capacity as treasurer  
7 Julio Gonzalez  
8 Winston Arabitg  
9

**MUR 7461**

10 **I. INTRODUCTION**

11 This matter was generated by a Complaint filed with the Federal Election Commission  
12 pursuant to 52 U.S.C. § 30109(a)(1) alleging that Winston Arabitg made an excessive  
13 contribution to his son-in-law, Julio Gonzalez, a candidate for the 2018 Republican primary  
14 election in Florida's 17th Congressional District, in connection with a \$317,000 loan from  
15 Arabitg to Gonzalez, in violation of the Federal Election Campaign Act of 1971, as amended  
16 (the "Act"). According to the Complaint, the loan from Arabitg was the source of funds for  
17 \$150,000 in loans Gonzalez made to his campaign in 2018, alleging that it did not appear that  
18 Gonzalez otherwise had sufficient income or assets to loan such an amount to his campaign.<sup>1</sup>  
19 Respondents deny that Arabitg made any loans directly to Gonzalez and deny that any funds  
20 were exchanged between them.<sup>2</sup> Gonzalez and the Committee assert that the \$150,000 in  
21 loans he made to his committee came from his personal funds.<sup>3</sup> The available information  
22 indicates that Arabitg did not provide the funds Gonzalez used to loan to his Committee.  
23 Further, it is possible, although not certain, that Gonzalez had sufficient liquid assets to make  
24 the 2018 loans to his committee.

<sup>1</sup> Compl. at 1-2 (Aug. 7, 2018).

<sup>2</sup> Gonzalez Joint Resp. at 1 (Sept. 28, 2018); Arabitg Resp. at 1 (Aug. 27, 2018).

<sup>3</sup> Gonzalez Joint Resp. at 2.

1           Based on the allegations of the Complaint, the Response, and the available information,  
2 the Commission has determined to dismiss the allegations that Gonzalez and his Committee  
3 violated 52 U.S.C. § 30116(f) and that Arabitg violated 52 U.S.C. § 30116(a)(1)(A), as it would  
4 not be a prudent use of Commission resources to investigate the candidate's personal finances to  
5 verify their use to fund the loan to his Committee.

6 **II. FACTUAL AND LEGAL ANALYSIS**

7 **A. Factual Background**

8           Gonzalez was a candidate in the August 28, 2018, Republican primary election for  
9 Florida's 17th Congressional District, which he lost. Julio Gonzalez for Congress and Eric  
10 Robinson in his official capacity as treasurer (the "Committee") is the principal campaign  
11 committee for Gonzalez's federal campaign. From 2014 through 2018, he served in Florida's  
12 House of Representatives. Since 2007, Gonzalez and his wife, Gina Arabitg, have owned  
13 Aragon PLLC, which operates a medical center.<sup>4</sup> Winston Arabitg is Gonzalez's father-in-law  
14 and Gina's father.<sup>5</sup>

15           The Complaint alleges that the \$317,000 loan from Arabitg, disclosed as a debt in  
16 Gonzalez's personal financial disclosure statements filed with the Florida Commission on  
17 Ethics, was the source of funds for \$150,000 in loans Gonzalez made to his campaign in 2018,  
18 as it did not appear that Gonzalez otherwise had sufficient income or assets to loan such an  
19 amount to his campaign.<sup>6</sup>

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<sup>4</sup> See Dunn & Bradstreet Rpt., Aragon PLLC (Mar. 27, 2019).

<sup>5</sup> Gonzalez Joint Resp. at 1; Arabitg Resp. at 1.

<sup>6</sup> Compl. at 1-2.

1 In a joint response filed by Gonzalez and his authorized Committee, and a separate  
2 Response filed by Arabitg, the \$317,000 debt stems from two promissory notes Gonzalez and  
3 his wife executed in favor of Arabitg in 2015 and 2016 in connection with Arabitg refinancing  
4 a 2012 business loan owed to a bank.<sup>7</sup> The borrower on that loan, Aragon PLLC, is a  
5 corporation Gonzalez and his wife own. Gonzalez and the Committee assert that the \$150,000  
6 in loans he made to his committee came from his personal funds.<sup>8</sup>

7 The loan documents Arabitg provided in response to the Complaint indicate that in 2012,  
8 he guaranteed a bank loan to Aragon PLLC by pledging as security a \$200,000 certificate of  
9 deposit and two real properties.<sup>9</sup> Arabitg asserts that in September 2015, he was ready to retire  
10 and needed access to the pledged assets.<sup>10</sup> Arabitg paid off the balance of the business loan in  
11 two separate transactions. First, on September 28, 2015, Arabitg paid \$145,463.46 to Stonegate  
12 Bank to release the lien on his certificate of deposit.<sup>11</sup> On the same date, Gonzalez and his wife  
13 signed a promissory note to Arabitg in the amount of \$145,473 payable at 2% interest per year  
14 for a term of ten years at \$1,300 a month.<sup>12</sup> Second, on November 7, 2016, Arabitg paid  
15 \$314,346.08 to Stonegate Bank to pay off the balance of the Aragon PLLC loan and satisfy the

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<sup>7</sup> Gonzalez Joint Resp. at 1; Arabitg Resp. at 1.

<sup>8</sup> Gonzalez Joint Resp. at 2.

<sup>9</sup> Arabitg Resp. Attach. 1 (Real Property Mortgage and Security Agreement between Winston and Marlene Arabitg, Mortgagors, and Florida Shores Bank Southwest, Mortgagee, Aug. 1, 2012); Attach. 2 (Certificate of Deposit Receipt and Assignment, Aug. 1, 2012); Attach. 5 (Letter from Monica Cao for Alise Doudakian, Loan Servicing Administrator, to Aragon PLLC, Nov. 1, 2016).

<sup>10</sup> Arabitg Resp. at 1.

<sup>11</sup> Arabitg Resp. at 1, Attach. 3.

<sup>12</sup> Arabitg Resp. at 1, Attach. 4.

1 mortgage lien on Arabitg's real property.<sup>13</sup> On the same date, Gonzalez and his wife executed a  
2 second promissory note to Arabitg in the amount of \$314,346 payable at 2% interest per year for  
3 a term of 10 years at \$2,892.41 a month.<sup>14</sup>

4 Gonzalez and the Committee deny accepting any contribution as a result of these  
5 transactions, and assert that the \$150,000 in loans he made to his committee came from his  
6 personal funds.<sup>15</sup> The Committee's relevant disclosure report shows that on March 30, 2018,  
7 Gonzalez made two loans to his Committee in the amounts of \$110,000 and \$40,000.<sup>16</sup>

8 On July 21, 2017, and July 19, 2018, Gonzalez filed two financial disclosure statements  
9 with the Florida Commission on Ethics in connection with his position as a state representative.<sup>17</sup>  
10 His income, assets, and liabilities for 2016 and 2017 as disclosed in those statements are  
11 summarized in the table below.

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<sup>13</sup> Arabitg Resp. at 1, Attach. 5, 6.

<sup>14</sup> Arabitg Resp. at 1, Attach. 7.

<sup>15</sup> Gonzalez Joint Resp. at 1-2.

<sup>16</sup> Schedule C, Amended 2018 April Quarterly Rpt. at 40, 41 (May 23, 2018). The outstanding balance on the loan is \$27,500. See 2019 April Quarterly Rpt. at 6 (Apr. 2, 2019).

<sup>17</sup> Compl. at 1, Attach. 1, Florida Commission on Ethics *Form 6, Full and Public Disclosure of Financial Interests 2017* ("Form 6, 2017"); Attach. 2, Florida Commission on Ethics *Form 6, Full and Public Disclosure of Financial Interests 2016* ("Form 6, 2016").

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Regions Bank Commercial Line of Credit	\$135,000	\$147,765
Regions Bank Personal Loan	\$ 73,211	\$99,067
Arabitg Promissory Note	\$317,032	

1  
 2           In connection with his campaign for Congress, on May 18, 2018, Gonzalez filed a  
 3 financial disclosure statement with the U.S. House of Representatives, which does not disclose  
 4 the promissory note to Arabitg.<sup>18</sup> His financial information disclosed in the federal statement is  
 5 summarized in the table below.

<sup>18</sup> Compl. at 1, Attach. 3, U.S. House of Representatives, *Form B, Financial Disclosure Statement 2018* ("Form B, 2018").

Federal Personal Financial Disclosure Information	
Year	2018
<b>Earned Income</b>	
Salary (as of 5/18/18)	
Medical Practice	\$24,000
State Legislature	\$12,709
<i>Rental Income</i> <sup>19</sup>	
<b>Assets</b>	
<i>Personal Residence</i>	
<i>Rental Property</i>	
Aragon PLLC	
(value includes Commercial property of \$670,000)	\$500,001-\$1,000,000 range
Medical Practice	\$500,001-\$1,000,000 range
<i>Checking Account</i>	
<i>Retirement Account</i>	
Aragon Publishers	\$1,001-\$15,000 range
Publius Communications	\$1-\$1,000 range
<b>Liabilities</b>	
<i>Mortgage on Personal Residence</i>	
Mortgage on Rental Property	\$500,001-\$1,000,000 range
<i>Stongegate Loan to Aragon PLLC</i>	
Regions Bank Mortgage on Medical Practice	\$500,001-\$1,000,000 range
Regions Bank Medical Practice Line of Credit	\$100,001-\$250,000 range
Regions Bank Personal Loan	\$15,001-\$50,000 range
Regions Bank Commercial Loan on Aragon	\$50,001-\$100,000 range
Regions Bank Commercial Loan	\$50,001-\$100,000 range
Suntrust Bank Medical Practice Line of Credit	\$15,001-\$50,000 range
<i>Arabitg Promissory Note</i>	
USAA Credit Card	\$15,0001-\$50,000 range
Discover Credit Card	\$15,001-\$50,000 range

1  
 2 Gonzalez's 2018 federal financial disclosure statement indicates that in 2017, he sold his  
 3 rental property and used the proceeds to pay off the rental property mortgage.<sup>20</sup> While the 2018  
 4 federal form does not list a value of the rental property, his 2016 state disclosure form indicates  
 5 that its value was \$439,000, and the rental property mortgage at that time was \$303,726.<sup>21</sup>

<sup>19</sup> Assets and liabilities italicized were not disclosed in the Form B 2018; they are shown for comparison with the Form 6, 2016 and 2017.

<sup>20</sup> Compl. Attach. 3, Form B, 2018.

<sup>21</sup> Compl. Attach. 2 and 3, Form 6, 2016 and Form B, 2018.

1 The 2018 federal form also specified that the origination date of the non-joint Regions Bank  
2 commercial loan was in February 2018, the Regions Bank personal loan was jointly held, and its  
3 origination date was in March 2018.<sup>22</sup>

#### 4 **B. Legal Analysis**

5 A contribution is any gift, subscription, loan, advance, or deposit of money or anything of  
6 value made by any person for the purpose of influencing any election for Federal office.<sup>23</sup> The  
7 Act and Commission regulations further provide that no person may make, and no candidate or  
8 candidate's authorized political committee shall knowingly accept, any contribution that violates  
9 the contribution limits set forth in section 30116.<sup>24</sup> Commission regulations provide that  
10 "candidates for federal office may make unlimited expenditures from personal funds," which  
11 include contributions to their principal campaign committees.<sup>25</sup>

12 Under the Act, a "loan" includes a guarantee, endorsement, and any other form of  
13 security.<sup>26</sup> Each endorser or guarantor shall be deemed to have contributed that portion of the

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<sup>22</sup> Compl. Attach. 3, Form B, 2018 at 8 (Gonzalez did not disclose the promissory note, his residence or the mortgage on his home in his 2018 House Disclosure Report filed in May 2018, although he did disclose this asset and liabilities in his Form 6, 2017, filed with the Florida Commission on Ethics in July 2018).

<sup>23</sup> 52 U.S.C. § 30101(8)(A)(i); 11 C.F.R. § 100.52(a).

<sup>24</sup> During the 2017-2018 election cycle, the individual contribution limit was \$2,700 per election. *See* 52 U.S.C. § 30116(a)(1)(A); 11 C.F.R. § 110.1(b)(1).

<sup>25</sup> 11 C.F.R. §§ 110.10, 100.33. *See also* Advisory Op. 1991-09 (Hoagland) (Jan. 15, 1991) (affirming that Commission regulations permit a candidate to make unlimited expenditures, including personal loans, from his personal funds); Advisory Op. 1985-33 (Collins) (Nov. 22, 1985) (same). "Personal funds" include all assets in which a candidate has legal title or an equitable interest, as well as salary and other earned income from *bona fide* employment; dividends and proceeds from the sale of the candidate's stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; and proceeds from lotteries and similar legal games of chance. 52 U.S.C. § 30101(26); 11 C.F.R. § 100.33.

<sup>26</sup> 11 C.F.R. § 100.52(b); *see also* 52 U.S.C. § 30101(8)(B)(vii).

1 total amount of the loan for which he or she agreed to be liable in a written agreement.<sup>27</sup> A loan  
2 that exceeds the contribution limits, or otherwise violates 52 U.S.C. §§ 30116 or 30118, is  
3 unlawful, whether or not it is repaid. A loan to a political committee or a candidate by a  
4 commercial bank is exempt from the definition of contribution, if such loan is made in  
5 accordance with applicable law and in the ordinary course of business.<sup>28</sup>

6 On February 27, 2018, Gonzalez filed his Statement of Candidacy with the Commission,  
7 and designated the Committee as his principal campaign committee.<sup>29</sup> On March 29, 2018,  
8 Arabitg made a \$2,700 contribution to the Committee.<sup>30</sup> Thus, because Gonzalez participated in  
9 only one election, any amount greater than \$2,700 Arabitg contributed to the Committee would  
10 constitute an excessive contribution.<sup>31</sup> On March 30, 2018, Gonzalez loaned \$150,000 to his  
11 Committee. If the funds for Gonzalez's loans to his Committee were not his personal funds, but  
12 rather Arabitg's funds, then Arabitg may have made an excessive contribution for which  
13 Gonzalez and the Committee may be liable for knowingly accepting.

14 Based on the available record, it does not appear that the 2012 loan and guarantee  
15 involving Aragon PLLC and Arabitg, and the 2015 and 2016 promissory notes between Arabitg

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<sup>27</sup> 11 C.F.R. §§ 100.52(b)(3), 100.82(c).

<sup>28</sup> 11 C.F.R. § 100.82(a). A loan will be deemed to be made in the ordinary course of business if it:  
“(1) [b]ears the usual and customary interest rate of the lending institution for the category of loan involved; (2) [i]s  
made on a basis that assures repayment; (3) [i]s evidenced by a written instrument; and (4) [i]s subject to a due date  
or amortization schedule.” A loan is considered “made on a basis that assures repayment” if it is obtained using a  
perfected security interest in collateral owned by the candidate, the fair market value of the collateral is equal to or  
greater than the loan amount, and the candidate provides documentation to show that the lending institution has a  
perfected security interest in the collateral. Sources of collateral include goods, accounts receivable, and cash on  
deposit. 52 U.S.C. § 30101(8)(B)(vii); 11 C.F.R. § 100.52(b).

<sup>29</sup> Statement of Candidacy (Feb. 26, 2018); Statement of Organization (Feb. 26, 2018).

<sup>30</sup> Amended 2018 April Quarterly Rpt. at 6 (May 23, 2018).

<sup>31</sup> *See* 52 U.S.C. § 30116(a)(1)(A).

1 and Gonzalez and his wife, constituted excessive contributions to Gonzalez or his Committee.  
2 The original loan was made nearly six years before Gonzalez announced his 2018 candidacy, and  
3 the refinancing occurred about two and three years before that announcement. The timing of  
4 these transactions suggests that they were not made to influence Gonzalez's federal candidacy.  
5 Further, Arabitg asserts he sought the refinancing to fund his retirement, a reason unconnected  
6 with influencing a federal election, and we have no information suggesting that reason was  
7 pretextual. Lastly, the responses sufficiently document that Gonzalez did not receive funds from  
8 Arabitg that were used in connection with his candidacy. Rather, Gonzalez and his wife signed  
9 promissory notes in favor of Arabitg so that Arabitg could pay off a commercial mortgage  
10 Aragon PLLC owed, and they executed the notes years before, and irrespective of, Gonzalez's  
11 2018 federal candidacy.<sup>32</sup>

12 Although Arabitg has credibly explained and documented that his loan to Gonzalez was  
13 not the source of Gonzalez's \$150,000 in loans to his Committee, Gonzalez's Response does not  
14 explain or document his assertion that he had sufficient personal funds to make the loan to his  
15 campaign. His financial disclosure report indicates his 2017 annual income was \$79,357, which  
16 by itself was insufficient to make the \$150,000 loans to his Committee, but he may have had

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<sup>32</sup> See 11 C.F.R. § 113.1(g)(6) (payment by a third party for the personal expenses of a candidate is not a contribution to that candidate if payment would have been made irrespective of the candidacy). See also MUR 5141 (Moran for Congress) (finding no reason to believe a personal loan made directly to a candidate, and not made for use in connection with the candidate's campaign, resulted in a contribution, when one year prior to the election a long term friend provided the candidate with a check to help pay for the candidate's legal services in a domestic relations matter, the candidate signed a promissory note to pay back the loan, and the information showed that the check was endorsed directly to the law firm in the candidate's personal matter, the committee received no candidate funds, and the committee was well funded); MUR 6104 (Montagano for Congress) (dismissing allegations as to the receipt and reporting of an excessive contribution, where father's assistance to candidate with his personal financial dealings during his candidacy was in the form of intangible support as surety rather than as making payments for or to candidate); MUR 7025 (Friends of Mike Lee) (finding no reason to believe that a short sale of a home, and resulting waiver of the balance of a mortgage, constituted a contribution because the personal transaction had no nexus with the campaign).

1 sufficient personal funds from which he may have been able to fund those loans. First, it appears  
2 that there was about \$135,000 in proceeds from the 2017 sale of a rental property.<sup>33</sup> Gonzalez  
3 disclosed his interest as a part owner, so it appears that only a portion of the sale proceeds were  
4 available to him to loan to his Committee.<sup>34</sup> Further, it appears that at about the same time  
5 Gonzalez made the loan to the Committee, he obtained a commercial loan from Regions Bank  
6 (February 2018) in the amount of \$135,777, and in March 2018, he obtained a joint personal loan  
7 from Regions Bank in the amount of \$73,211.<sup>35</sup> Although we cannot say conclusively from the  
8 current record, if the loan and sales proceeds are added together, it appears that Gonzalez had  
9 sufficient funds to loan his Committee \$150,000.

10 Therefore, the Commission has determined to dismiss the allegations that Julio Gonzalez  
11 for Congress and Eric Robinson in his official capacity as treasurer violated  
12 52 U.S.C. § 30116(f), and that Winston Arabitg violated 52 U.S.C. § 30116(a)(1)(A) as it would  
13 not be a prudent use of Commission resources to investigate the candidate's personal finances to  
14 verify their use to fund the loan to his Committee.

<sup>33</sup> See Compl. Attach. 2 and 3; Form 6, 2016 at Addendum; Form B, 2018 at 7, 8.

<sup>34</sup> See 52 U.S.C. § 30101(26)(C); 11 C.F.R. § 100.33(c) (When a candidate uses "personal funds" derived from jointly owned assets, the amount is limited to the "candidate's share of the asset under the instrument of conveyance or ownership;" if the instrument is silent, the Commission will presume that the candidate holds a one-half ownership interest). Compare MUR 6412 (Blumenthal for Senate) (finding no reason to believe candidate's wife made an excessive contribution to the candidate, where information showed that the source of funds for \$2.5 million in candidate loans to his committee came from candidate's personal funds, including assets and the proceeds of the sale of his half interest in his pre-candidacy residence with his spouse) with MUR 6860 (Terry Lynn Land for Senate) (finding reason to believe an excessive contribution occurred from the spouse to the candidate where candidate did not have sufficient personal funds to make \$2.9 million in contributions to her committee, and the information showed that the candidate's spouse provided the funds directly to the candidate's account on the day the contributions were made).

<sup>35</sup> See Compl. Attach. 1, Form 6, 2017 at Addendum; Compl. Attach. 3, Form B, 2018 at 8.